the table. Potted plants fill the tiny window; alone the electric light with its wiring disturbs the picture.

In the kitchen the covered range has almost completely banished the open fire, but the chimney-place is still often vaulted. It is called the "heaven", although covered with oily, shining soot and black as hell. But this heaven does not "hang full of violins", but full of sides of smoked bacon and sausages. In the dairy the wooden cream dishes have given place to the centrifugal separator and metal utensils. But the butter-tub, in which the butter is made by churning or pounding, still remains.

Except on feast days the peasants' diet is sparingly supplied with meat but rich in fat. *Knödel* (dumplings), small cakes, dough-nuts, stewed fruit and *Schmarrn* (a sort of broken-up pancake), thick soup and potatoes make up the simple, healthy fare. All eat from one dish. Grace is said before and after meals. Occasionally there will be butter and bacon to eat with the black bread which the true peasant bakes himself.

Much more could be told of the peasantry of Tyrol, of cowsheds, haylofts and threshing floors, of the ricks of hay and corn, of forestry and hunting, of mountain pastures, cow pastures and hay-fields, of sheep-pens and shearing, of fences, gates and stiles. How many townfolk know that a proper fence, like a peasant house built in the old manner, needs no nails and no scrap of iron? What do they know of the customs at weddings and baptisms?

For the farmer, his "*loden*" cape of coarse, woollen cloth is sufficient even when the weather is coldest. He must be able to move his arms freely, and at work in the open he does not feel the cold. In the house he goes about in shirt-sleeves. When he is abroad he carries an enormous gamp to protect him from the rain.

The farmer's wife wears long dresses almost suggesting a nun's habit, covered on weekdays by a blue working apron. On Sundays she dons her special finery—

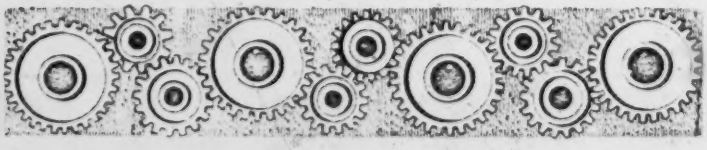
The increase in production resulting from all these measures was bound to increase the difficulties of marketing during the slump. In pig-raising it at last became necessary to resort to curtailment of output (prohibition of pig-raising for the market). An attempt was also made to increase the costs of cattle-rearing and thus limit the supply by raising the so-calledli cence fee for the import of fodder.

As a stimulant of milk production, a milk-equalisation fund was created to content with sales difficulties, through which the means for the export of dairy products at prices below production costs were raised by the imposition of a tax on fresh milk.

Thus it came about that in the 1930s Austrian products such as standard butter, high grades of cheese and cream could compete successfully on the markets with the dairy products of such leading countries as Denmark, Switzerland and Holland. The western alpine provinces especially profited by this arrangement, but at the same time a great demand was created for home milk products throughout the whole country. Gradually, in the Danube City which has been known from Roman times for its enjoyment of sweet wines, depôts were established where milk could be drunk in the busy streets and on public squares, giving the City a new attraction.

The doubtless necessary encouragement of dairy farming, just at this time, however, brought with it new problems which were aggravated by the effect of the world economic depression. The situation was made worse by the fact that the prices for agricultural and dairy products had sunk far lower than the prices for technical aids to agriculture. The discrepancy between these two sets of prices became still greater from 1933 to 1937. The comparative fixity of wages and the increase in public debts accompanied by sinking prices were not inconsiderable factors in bringing about general deterioration.

Problems of agrarian policy were bound to have a reaction on industrial-commercial economics. Austrian products had to compete with those of countries which had the advantage of considerably lower agricultural prices and thus of a lower cost of living. For a land such as Austria, which in the main can only secure the goods she needs through the export of her own products, it is essential that wages, an important factor in costs, should not be affected too unfavourably by the high price of grain.



9: Rothschild E-4, 5 (no date) 1947 EK1 Austria EK1

which had passed the 400,000 mark in 1933, fell gradually to approximately 320,000 in 1937. This was, however, still considerably above the level of 200,000 unemployed in 1929. In fact, the problem of unemployment, particularly in the heavy industries and among commercial and administrative workers, remained virtually unsolved. The policy of the Government lay the foundation for a more solid and independent national economy. But it fell far short of an expansionist policy that would have ensured the full use of the country's human and material resources.

Of great importance was the conspicuous progress in agriculture which had been continuous ever since 1920. In a world striving for self-sufficiency, where markets for manufactured exports became increasingly closed, it was necessary to reduce the import requirements for foodstuffs. This object was largely achieved. Taking 1923 as the first normal year in Austria's economic life, we obtain the following picture of development.

	Year	Production (in 1,000 quintals)	Per cent of Requirements
Wheat	1923	2,419	33
	1936	3,678	63
Rye	1923	4,023	76
	1936	4,605	81
Barley	1923	1,710	63
	1936	2,531	85
Oats	1923	3,754	82
	1936	4,029	94
Potatoes	1923	14,262	95
	1936	24,994	100
Sugar	1923	473	31
	1934–6	1,919	99

Even more important were the structural changes in agriculture. In particular, great progress was made in dairy farming; an industry which had been badly neglected

9: Rothschild E-4, 5 (no date) 1947 EK1 Austria EK1

in the past although it was excellently suited to Austria's natural conditions. In spite of increased home consumption an export surplus was now achieved for the first time.

EXCESS OF IMPORTS (−) OR EXCESS OF EXPORTS (+)
(in quintals)

	1923	1936
Milk	− 200,000	+ 114,000
Butter	− 16,000	+ 35,000
Cheese	− 43,000	+ 31,000
Condensed milk	− 80,000	+ 300

In foreign trade, too, considerable advances were made. Foreign trade did not, it is true, recover to the same extent as production. Even in 1937 Austrian imports, amounting to approximately 1,500 million schillings, were only 45 per cent of the 1929 value, while exports in the same year (approximately 1,200 million schillings) were only 55 per cent of the 1929 value. Moreover, the recovery of Austria's foreign trade was less marked than elsewhere, and Austria's share in world trade fell from 1·12 per cent in 1929 to 0·93 per cent in 1937.

The volume of foreign trade, therefore, did not increase as much as was desirable. But the balance of trade became much more favourable than it had ever been. When, after 1933, foreign trade began to revive, exports increased to a greater extent than imports. In spite of the growing volume of trade, the import surplus therefore remained at a low level. For the period 1933–7 it amounted to about 320 million schillings per year, as compared with more than 1,000 million schillings in the years before 1930.

Moreover, the gap of 300 million schillings or so was easily covered by Austria's income from various other sources, and it was now no longer necessary to raise foreign loans on that account. Income from tourist